**Ways and Means Advances to the Government of India for the financial year 2001-2002**

**March 31, 2001**

The arrangements in respect of Ways and Means Advances (WMA) to the Government of India, the rate of interest and the minimum balance required to be maintained with the Reserve Bank of India have been reviewed. Accordingly effective April 1, 2001 the WMA limit to the Government of India, the rate of interest on the same and the minimum balance required to be maintained will be as under :

A. The limit for WMA will be Rs.10,000 crore for the first half of the year (April to September) and Rs.6,000 crore for the second half of the year (October to March). When 75 per cent of the WMA is utilised by Government, the Reserve Bank may trigger fresh floatation of market loans depending on market conditions.

B. The interest rate on WMA will be at Bank Rate and Overdraft at Bank Rate plus two percentage points as under:

| | **Rate per cent per annum** |
|---|---|
| (i) Ways and Means Advances | Bank Rate (7.0)* |
| (ii) Overdrafts beyond the Ways and Means Advances Limit | Bank Rate plus two percentage points (9.0)* |
| * Currently applicable with effect from close of business of March 1, 2001. | |

C. The minimum balance required to be maintained by the Government of India with the Reserve Bank of India is not less than Rs.100 crore on Fridays, as at the close of Government's financial year and 30th June, and not less than Rs.10 crore on other days.

D. As per the provisions of the agreement dated March 26, 1997 between the Government of India and the Reserve Bank of India, overdrafts beyond ten consecutive working days will not be allowed.

**Alpana Killawala**
**General Manager**

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